



## Senate

General Assembly

**File No. 450**

February Session, 2008

Substitute Senate Bill No. 548

*Senate, April 4, 2008*

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING AN INTERIM REPORT ON ENTERPRISE ZONES AND A REVIEW OF VARIOUS TYPES OF ECONOMIC DEVELOPMENT ZONES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-70a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2008*):

3 (a) On or before October 1, 2006, the Commissioner of Economic and  
4 Community Development shall establish goals for enterprise zones  
5 designated under section 32-70. The commissioner shall review such  
6 goals every five years and update them as necessary and appropriate.  
7 Such goals shall include, but not be limited to, increasing private  
8 investment, expanding the tax base, providing job training and job  
9 creation for residents of enterprise zones and reducing property  
10 abandonment and housing blight in enterprise zones.

11 (b) On or before October 1, 2006, the Commissioner of Economic  
12 and Community Development shall establish performance standards

13 to measure the progress of municipalities with enterprise zones in  
14 attaining the goals for enterprise zones established under subsection  
15 (a) of this section. The commissioner shall review and update such  
16 performance standards as appropriate and necessary.

17 (c) On or before January 1, 2009, said commissioner shall submit, in  
18 accordance with the provisions of section 11-4a, an interim report to  
19 the joint standing committee of the General Assembly having  
20 cognizance of matters relating to the Department of Economic and  
21 Community Development. Such interim report shall include  
22 information on the following:

23 (1) The goals established by the commissioner for each enterprise  
24 zone and the method to be used to review such goals every five years,  
25 as provided in subsection (a) of this section;

26 (2) The standards the commissioner shall use to determine if each  
27 enterprise zone has met its goal;

28 (3) Information on the status of development of the format under  
29 which businesses in enterprise zones are to submit data pursuant to  
30 subsection (d) of this section;

31 (4) Information on the extent to which municipalities have begun to  
32 evaluate the performance of enterprise zones, as required pursuant to  
33 subsection (e) of this section, and information on assistance provided  
34 by the Department of Economic and Community Development to  
35 municipalities in performing such evaluation;

36 (5) Any preliminary findings about the progress of municipalities  
37 with enterprise zones toward attaining goals established pursuant to  
38 subsection (a) of this section; and

39 (6) Suggested changes or alternatives to the enterprise zone  
40 program that may enable municipalities to achieve their goals more  
41 efficiently.

42 [(c)] (d) On or before July 1, 2011, and every five years thereafter,

43 each business located within an enterprise zone that is certified to  
44 receive enterprise zone benefits shall electronically submit, in a format  
45 determined by the commissioner, a report to the municipality, which  
46 shall include, but not be limited to:

47 (1) The name of the certified business receiving enterprise zone  
48 benefits;

49 (2) The enterprise zone address of each certified business receiving  
50 enterprise zone benefits;

51 (3) The date on which the certified business was first certified;

52 (4) The number of full-time jobs the certified business had at the  
53 time of application;

54 (5) The number of part-time jobs the certified business had at the  
55 time of application;

56 (6) The number of full-time jobs of the certified business filled by  
57 residents of the enterprise zone as of June thirtieth of each year since  
58 certification;

59 (7) The number of part-time jobs of the certified business filled by  
60 residents of the enterprise zone as of June thirtieth of each year since  
61 certification;

62 (8) The number of full-time jobs the certified business had as of June  
63 thirtieth of each year since certification;

64 (9) The number of part-time jobs the certified business had as of  
65 June thirtieth of each year since certification;

66 (10) The average annual wage paid by the certified business to its  
67 full-time employees as of June thirtieth of each year since certification;

68 (11) The average annual wage paid by the certified business to its  
69 part-time employees as of June thirtieth of each year since certification;

70 (12) The number of employees of the certified business eligible for  
71 health benefits as of June thirtieth of each year since certification;

72 (13) The per cent of average employee contribution to the health  
73 plan of the certified business as of June thirtieth of each year since  
74 certification;

75 (14) The amount invested by the certified business in job training as  
76 of June thirtieth of each year since certification;

77 (15) The amount of square footage of the building or buildings  
78 residing at the enterprise zone address at the time of application;

79 (16) The amount of square footage of the building or buildings  
80 residing at the enterprise zone address as of June thirtieth of each year  
81 since certification;

82 (17) The amount invested by the certified business or property  
83 owner in the building or buildings residing at the enterprise zone  
84 address as of June thirtieth of each year since certification;

85 (18) The amount invested in personal property, excluding  
86 machinery and equipment used in the manufacture of goods, as of  
87 June thirtieth of each year since certification;

88 (19) The amount invested in machinery and equipment used in the  
89 manufacture of goods as of June thirtieth of each year since  
90 certification;

91 (20) The amount of the personal property tax abatement awarded to  
92 the certified business as of June thirtieth of each year since certification;

93 (21) The amount of the real property tax abatement awarded to the  
94 certified business as of June thirtieth of each year since certification;

95 (22) The amount of personal property tax actually paid by the  
96 certified business to the municipality as of June thirtieth of each year  
97 since certification; and

98       (23) The amount of real property tax actually paid by the certified  
99 business to the municipality as of June thirtieth of each year since  
100 certification.

101       [(d)] (e) On or before July 1, 2011, and every five years thereafter,  
102 each municipality in which an enterprise zone is located shall  
103 electronically submit, in a format determined by the commissioner, a  
104 report to the commissioner evaluating the progress of the municipality  
105 in meeting the performance standards established under subsection (b)  
106 of this section. Each municipal report shall include, to the extent  
107 available, a list of all businesses certified within the municipality's  
108 enterprise zone, and the information provided by businesses under  
109 subsection [(c)] (d) of this section.

110       [(e)] (f) On or before February 1, 2011, the commissioner shall assess  
111 the performance of each enterprise zone. In making such assessment  
112 the commissioner shall consider the report submitted under subsection  
113 [(c)] (e) of this section by the municipality in which the enterprise zone  
114 is located and any other information [he] the commissioner deems  
115 relevant. The commissioner shall report the findings of said  
116 assessment and any recommendations for improvement in the  
117 performance of the enterprise zone in the Department of Economic and  
118 Community Development's annual report.

119       [(f)] (g) On or before January 1, 2013, the commissioner shall assess  
120 the performance of each enterprise zone and may recommend to the  
121 joint standing committee of the General Assembly having cognizance  
122 of all matters relating to the Department of Economic and Community  
123 Development, [the Connecticut Development Authority and  
124 Connecticut Innovations, Incorporated,] that the designation be  
125 removed if [he] the commissioner determines that the enterprise zone  
126 has not met performance standards established under subsection (b) of  
127 this section. Upon such recommendation, the General Assembly may  
128 remove the designation.

129       Sec. 2. Subsection (c) of section 32-1o of the 2008 supplement to the  
130 general statutes is repealed and the following is substituted in lieu

131 thereof (*Effective July 1, 2008*):

132 (c) The strategic plan required under this section shall include, but  
133 not be limited to, the following:

134 (1) A review and evaluation of the economy of the state. Such  
135 review and evaluation shall include, but not be limited to, a sectoral  
136 analysis, housing market and housing affordability analysis, labor  
137 market and labor quality analysis, demographic analysis and include  
138 historic trend analysis and projections;

139 (2) A review and analysis of factors, issues and forces that impact or  
140 impede economic development and responsible growth in Connecticut  
141 and its constituent regions. Such factors, issues or forces shall include,  
142 but not be limited to, transportation, including, but not limited to,  
143 commuter transit, rail and barge freight, technology transfer,  
144 brownfield remediation and development, health care delivery and  
145 costs, early education, primary education, secondary and  
146 postsecondary education systems and student performance, business  
147 regulation, labor force quality and sustainability, social services costs  
148 and delivery systems, affordable and workforce housing cost and  
149 availability, land use policy, emergency preparedness, taxation,  
150 availability of capital and energy costs and supply;

151 (3) Identification and analysis of economic clusters that are growing  
152 or declining within the state;

153 (4) An analysis of targeted industry sectors in the state that (A)  
154 identifies those industry sectors that are of current or future  
155 importance to the growth of the state's economy and to its global  
156 competitive position, (B) identifies what those industry sectors need  
157 for continued growth, and (C) identifies, those industry sectors current  
158 and potential impediments to growth;

159 (5) A review and evaluation of the economic development structure  
160 in the state, including, but not limited to, (A) a review and analysis of  
161 the past and current economic, community and housing development

162 structures, budgets and policies, efforts and responsibilities of its  
163 constituent parts in Connecticut; and (B) an analysis of the  
164 performance of the current economic, community and housing  
165 development structure, and its individual constituent parts, in meeting  
166 its statutory obligations, responsibilities and mandates and their  
167 impact on economic development and responsible growth in  
168 Connecticut;

169 (6) Establishment and articulation of a vision for Connecticut that  
170 identifies where the state should be in five, ten, fifteen and twenty  
171 years;

172 (7) Establishment of clear and measurable goals and objectives for  
173 the state and regions, to meet the short and long-term goals established  
174 under this section and provide clear steps and strategies to achieve  
175 said goals and objectives, including, but not limited to, the following:  
176 (A) The promotion of economic development and opportunity, (B) the  
177 fostering of effective transportation access and choice including the use  
178 of airports and ports for economic development, (C) enhancement and  
179 protection of the environment, (D) maximization of the effective  
180 development and use of the workforce consistent with applicable state  
181 or local workforce investment strategy, (E) promotion of the use of  
182 technology in economic development, including access to high-speed  
183 telecommunications, and (F) the balance of resources through sound  
184 management of physical development;

185 (8) Prioritization of goals and objectives established under this  
186 section;

187 (9) Establishment of relevant measures that clearly identify and  
188 quantify (A) whether a goal and objective is being met at the state,  
189 regional, local and private sector level, and (B) cause and effect  
190 relationships, and provides a clear and replicable measurement  
191 methodology;

192 (10) Recommendations on how the state can best achieve goals  
193 under the strategic plan and provide cost estimates for implementation

194 of the plan and the projected return on investment for those areas;  
195 [and]

196 (11) A review and evaluation of the operation and efficacy of the  
197 urban jobs program established pursuant to sections 32-9i to 32-9l,  
198 inclusive, enterprise zones, contiguous municipality zones, defense  
199 plant zones and manufacturing plant zones established pursuant to  
200 section 32-70, railroad depot zones established pursuant to section 32-  
201 75a, qualified manufacturing plants designated pursuant to section 32-  
202 75c, entertainment districts established pursuant to section 32-76 and  
203 enterprise corridor zones established pursuant to section 32-80; and

204 [(11)] (12) Any other responsible growth information that the  
205 commissioner deems appropriate.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2008	32-70a
Sec. 2	July 1, 2008	32-1o(c)

**CE** Joint Favorable Subst.



The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill, which requires the Department of Economic and Community Development to submit an interim report to the Commerce Committee regarding enterprise zones, has no fiscal impact.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

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**OLR Bill Analysis****sSB 548*****AN ACT CONCERNING AN INTERIM REPORT ON ENTERPRISE ZONES AND A REVIEW OF VARIOUS TYPES OF ECONOMIC DEVELOPMENT ZONES.*****SUMMARY:**

This bill requires the Department of Economic and Community Development (DECD) commissioner to submit a progress report on her efforts to evaluate the state's 17 enterprise zones to the Commerce Committee by January 1, 2009. The law already requires her to submit two evaluation reports to the legislature by 2011 and 2013. The latter report must advise the legislature about whether it should remove a zone's designation.

The designation qualifies manufacturers and other specified businesses operating in the zones for property tax exemptions and business tax credits if they improve property and create jobs there. The law establishes a framework and a timetable for evaluating the extent to which these benefits have produced these effects. Currently, all enterprise zone businesses, regardless of whether they have been approved for the tax benefits, must report job creation and capital investment data to their municipalities. The bill limits this requirement to businesses approved for the benefits.

Lastly, the bill requires the commissioner to evaluate the enterprise zones and the hybrid zones the statutes authorized as part of DECD's five-year strategic planning process. The first strategic plan is due by July 1, 2009.

EFFECTIVE DATE: July 1, 2008

**ENTERPRISE ZONE INTERIM REPORT**

The bill requires the commissioner to report on the status of the enterprise zone evaluation project, which the law required her to start in 2006. She must do so to the Commerce Committee by January 1, 2009. This report is in advance of the two she must already submit to the legislature by 2011 and 2013, respectively, and must reflect the statutory framework for preparing these reports.

Consequently, the report must describe the extent to which she has established goals for the zones, developed a method for reviewing those goals, and adopted standards for determining if they have been met. The report must also describe the work being done on developing the format the enterprise zones businesses must use to submit data to their respective municipalities.

The report must also describe the extent to which municipalities have begun evaluating the zones and how the commissioner has helped them to do so. By law, municipalities must evaluate the zones every five years and report the results to the commissioner. They must begin doing so by July 1, 2011. Their evaluations must be based on the data enterprise zone businesses must submit to them every five years, beginning July 1, 2011.

The report must include the commissioner's preliminary findings about the progress being made toward achieving the enterprise zone goals and any suggested changes or alternatives to the enterprise zone program that could help municipalities achieve the goals more efficiently.

#### **FIVE-YEAR EVALUATION OF ENTERPRISE ZONES AND ENTERPRISE ZONE HYBRIDS**

The bill requires the commissioner to periodically review and evaluate the enterprise zones and the hybrids. The evaluation must cover the zones' operation and efficiencies. The commissioner must include her findings in DECD's strategic plan, which is due every five years beginning July 1, 2009.

Enterprise zone hybrids result from narrow statutory criteria, such

as entertainment districts, under which municipalities may form zones to address a specific need or purpose. Eligible businesses within these zones qualify for the same range of property and business tax incentives available to businesses in the conventional enterprise zones. Table 1 identifies the zones and the criteria for designating them.

**Table 1: Hybrid Enterprise Zones**

<b>Zone Type and Statute</b>	<b>Designation Criteria</b>	<b>Towns with Zones</b>
Entertainment District (CGS § 32-76)	No limit on district size or criteria for designating geographic areas (eligible entertainment businesses qualify for district benefits regardless of whether they are located in the district)	Bridgeport New Britain Stamford Windham
Railroad Depot Zones (CGS § 32-75a)	Abandoned or underutilized railroad depot located outside of enterprise zone	East Hartford Hamden Norwich
Qualified Manufacturing Plant (CGS § 32-75c (b))	<ul style="list-style-type: none"> <li>• Vacant or underutilized manufacturing plant</li> <li>• Located outside the zone</li> <li>• Minimum 500,000 square feet</li> </ul>	Bristol New Britain
Qualified Manufacturing Plant (CGS § 32-75c (a))	<ul style="list-style-type: none"> <li>• Town must have fewer than 20,000 people</li> <li>• Manufacturing facility must have at least 180,000 square feet and be located in a census tract that               <ul style="list-style-type: none"> <li>○ is contiguous to the zone and a census tract containing a low- and moderate-income housing project in the town with the zone</li> <li>○ includes at least 100 acres of vacant land zoned for industrial, commercial, or other significant</li> </ul> </li> </ul>	Bloomfield

	<p>economic uses</p> <ul style="list-style-type: none"> <li>○ is bounded in part by a railroad track and a stream</li> </ul>	
Contiguous Municipality Zone (CGS § 32-70 (b) (3))	<ul style="list-style-type: none"> <li>• Any census tracts adjacent to the enterprise zone in the other town (tracts do not have to meet statutory size and distress criteria)</li> <li>• Legislative body of the enterprise zone town must approve the designation</li> </ul>	Plainville
Defense Plant Zone (CGS § 32-56)	<p>Town Eligible Criteria:</p> <p>Defense cuts:</p> <ul style="list-style-type: none"> <li>• resulted in cancellations in prime contracts and subcontracts,</li> <li>• caused or will cause the loss of employment opportunities in the town, and</li> <li>• do or will severely impact the town</li> </ul> <p>Zone Designation Criteria:</p> <p>Property occupied by a business facility severely affected by defense cuts</p>	Stratford
Enterprise Corridor Zones (CGS § 32-80)	<p>Town Designation Criteria</p> <p>Two or more contiguous towns, each of which:</p> <ul style="list-style-type: none"> <li>• is a state designated public investment community (42 towns) and a distressed municipality (25 towns);</li> <li>• has fewer than 40,001 people;</li> <li>• has an average unemployment rate that exceeds the state's average as reported by the labor commissioner on the preceding July 1 for the most recent 12-month period; and</li> </ul>	<p>Route 8 Zone:</p> <p>Ansonia</p> <p>Beacon Falls</p> <p>Derby</p> <p>Naugatuck</p> <p>Seymour</p> <p>Interstate 395 Zone:</p> <p>Griswold</p>

	<ul style="list-style-type: none"> <li>has an average per capita income less than the state average's, according to the last census or the U.S. Census Bureau's population report for the preceding January 1, whichever is most recent;</li> <li>at least one of the towns is located along an interstate highway, a limited access state highway, or intersecting interstate or limited access state highway; and</li> <li>at least one of the towns must have been designated as a regional center on the State Plan of Conservation and Development's locational guide map</li> </ul> <p style="text-align: center;">Zone Designation Criteria:</p> <ul style="list-style-type: none"> <li>Zone covers each entire town</li> </ul>	<p>Killingly</p> <p>Lisbon</p> <p>Plainfield</p> <p>Putnam</p> <p>Sprague</p> <p>Sterling</p> <p>Thompson</p> <p>Northwestern Connecticut:</p> <p>Torrington</p> <p>Winchester</p>
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The periodic review must also cover a program under which the commissioner may provide grants to businesses certified for enterprise zone tax benefits that create new jobs.

## BACKGROUND

### *Five-Year Strategic Economic Development*

PA 06-239 requires the commissioner to prepare this plan, in consultation with other state agencies. The act specifies the process for preparing the plan and the issues it must address. These include an analysis of different business sectors, the barriers impeding economic growth, and the business clusters operating in the state's planning regions. The plan must also include clear and measurable goals for promoting economic development and standards for determining if they are being met.

The commissioner must submit the plan to the governor, who has 60 days to review and approve or disapprove it. The plan takes effect after the governor approves it or, if she takes no action, within 60 days after the commissioner submitted it. The commissioner must then submit the plan to the Appropriations; Commerce; Finance, Revenue

and Bonding; and Planning and Development Committees.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Substitute

Yea    22    Nay   0    (03/18/2008)